

✓
SCOTT

Test
Anything in Project?
I



The "complete diapering system" of the disposable diaper and special re-useable vinyl pant makes babyScott so popular with Canadian mothers. Last year saw the introduction of the new super-absorbent size babyScott diaper and the decorated babyScott pant.



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SCOTT PAPER LIMITED 1974 ANNUAL REPORT

Head office / New Westminster, British Columbia

Plants / New Westminster and Surrey, British Columbia
and Crabtree, Quebec

Sales offices / Vancouver, Winnipeg, Toronto,
Montreal and Dartmouth, Nova Scotia

VALUATION DAY VALUE

For Canadian capital gains tax purposes, valuation
day values of Scott Paper Limited securities are as
follows:

Common Shares	— \$ 18.50
1971 Series A Debentures	— \$102.00

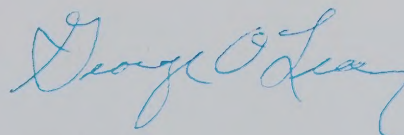
Ce rapport annuel est publié en français en anglais. Si vous désirez
en obtenir un exemplaire additionnel, prière d'aviser le Secrétaire.

The past year was one of unusual challenges, problems and opportunities. The rate of inflation continued and increased, resulting in the highest cost increases ever experienced for any similar period in the company's history. Supply shortages were numerous, causing many expensive changes and interruptions in production and distribution schedules. Towards the end of the year, many segments of the Canadian economy experienced a deepening recession causing the unusual combination of increased unemployment, declining economic activity, and very high inflation rates.

We are most grateful to all company people for the skill and dedication shown in coping with the major problems of 1974 as well as to our suppliers and customers for their valuable help and strong support.

As we view 1975 at this time, we must recognize the possible effects of the economic slowdown and continuing inflation on our growth prospects for the year. Selling our increased production at satisfactory levels of profit constitutes a major challenge which will not be easy to meet. However, in past years the per capita consumption of sanitary paper products has not been as sensitive to economic ups and downs as have many other types of papers. While we look for a much more competitive year in the market-place, we are cautiously optimistic about our ability to achieve a satisfactory level of both sales and earnings in 1975. Substantial capital expenditures will be made in 1975 to replace older equipment — to increase output from present facilities, and to develop and market new and improved product lines. In addition, we are proceeding with plans to add the capacities needed for continuity of supply to our customers plus those required for the growth and development of the company in future years.

BOARD OF DIRECTORS:



G. L. O'LEARY
President and Chief Executive Officer

Financial Highlights

FOR THE YEAR	1974	1973	Percent change
Net sales	\$73,570,647	\$56,294,879	30.7
Depreciation	3,008,128	2,394,159	25.6
Interest expense	1,220,365	1,099,232	11.0
Income before taxes	5,522,578	3,538,184	56.1
per share	6.90	4.42	
Income taxes	2,586,000	1,544,000	67.5
Income after taxes	2,936,578	1,994,184	47.3
per share	3.67	2.49	
Dividends	800,000	800,000	—
per share	1.00	1.00	
Income reinvested in the business	2,136,578	1,194,184	78.9
Cash flow from operations	7,447,391	5,619,365	32.5
per share	9.31	7.02	
Capital expenditures	7,815,551	5,677,319	37.7
Salaries, wages and benefits*	18,115,432	14,761,290	22.7
AT YEAR END			
Ratio current assets to current liabilities	1.2	1.7	
Long term debt	\$10,636,000	\$11,400,000	
Shareholders' interest per share	\$ 31.24	\$ 28.57	
Number of shares outstanding at year end	800,000	800,000	
Number of shareholders	1,122	1,156	
Number of employees	1,535	1,381	
Investment in assets per employee	\$ 26,200	\$ 27,300	
*Excludes special retirement plan payment (see Note 8 to Financial Statements).			



Review of the Year

Total consolidated net sales in 1974 increased by 30.7% from the similar 1973 period, reflecting both higher unit sales and increases in net selling prices. Until the latter part of the year the growth in per capita consumption rates for most sanitary and convenience paper categories was close to normal. Nearly all consumer and industrial packaged products lines shared in this growth, notably the company's newer products which were introduced to the market within the past three years.

Late in the year and particularly in the fourth quarter, some slowdown in the market growth rates occurred, but not enough to keep the company's overall sales from achieving a new record for a fourth quarter period.

Earlier in the year, supply shortages of vital raw materials limited product availability to some extent and prevented us from achieving maximum increases in market shares for some product lines.

The consumer packaged products division turned in a balanced performance for the year as a whole, achieving highly satisfactory results on all major brands and in most markets across Canada.

The industrial packaged products division had a banner year, resulting from volume gains achieved by both established and new distributors, particularly in eastern Canada.

The sale of parent rolls in export markets was curtailed in 1974 in order to maintain shipments to established domestic customers and to overcome the supply and inventory shortages which hampered 1974 operations.

MANUFACTURING

The manufacturing division had to cope with frequent interruptions and schedule changes caused by shortages and delays in the supply of many vital raw materials and services. No time was lost in our manufacturing plants from the work stoppages suffered by our suppliers. There were, however, major cost increases due to the supply problems and slow delivery of raw materials.

Costs of nearly all operating supplies, wages, salaries, fuel and energy increased substantially as the very high rates of inflation continued in 1974.

The hard work and ingenuity of our manufacturing people enabled us to overcome many of these problems and absorb a portion of the increased costs. On the favourable side, a much fuller utilization of our paper-making, pulping and converting facilities offset part of the past year's significant start-up costs of new and improved equipment installed at both the Quebec and British Columbia plants.

In July, 1974 a 1.5 million dollar fibre recovery and clarifier unit went into operation at our Crabtree, Quebec plant. This new unit has enabled the Eastern Manufacturing Division to meet all present pollution control standards.

ADMINISTRATIVE AND SERVICE DIVISIONS

1974 was the most challenging year ever for our purchasing, distribution and corporate office staff. The lead times for essential supplies increased beyond anything heretofore experienced. In many instances, alternate sources of supply were developed and innovative substitutions became necessary.

In the financial division, a computer model of the company enabled us to more quickly determine the effect of rapidly rising prices on brand costs and helped in formulating plans to cope with them.

In marketing and sales administration, supply and inventory shortages caused many unscheduled changes in advertising, marketing and sales strategies. Our group of experienced people in this area more than met the 1974 challenge, aided and supported by the field sales organization and a high degree of cooperation from customers and distributors.

FINANCIAL

In 1974, compared to 1973, sales increased 30.7%. Earnings after taxes increased 47.3%, with the result that the returns on sales and shareholders' investment improved to 4% and 11.8% respectively. While both sales and after-tax earnings improved in each of the past five years, 1974 marks the first year in recent times when the returns achieved have reached minimum levels necessary to justify and sustain the large capital and other investments needed to ensure future growth.

The high rates of inflation in machinery, equipment and construction costs, coupled with the rapid rise in marketing, distribution and other expenses, emphasizes the need to maintain returns at 1974 levels and increase them if the large expenditures in both replacement and new facilities, at today's high costs, are to be fully justified.

In 1974, \$7,816,000 was invested in new plant and equipment — somewhat less than originally planned due to late deliveries. For 1975 we anticipate capital expenditures of \$9 million — mostly for modifications and improvements to present equipment, expanded manufacturing space and for new machinery.

Working capital decreased to \$3,858,000 at year end. The credit lines arranged with our bankers, coupled with net cash flow, are together, considered sufficient to meet the company's capital requirements through 1975.

The quarterly dividend rate was increased from 25¢ to 30¢ a share, with the dividend payment made to shareholders on January 31st, 1975. 1974 marked the 44th consecutive year of dividend payments to common shareholders.

EMPLOYEE RELATIONS

1974 marked a new high in the average number of regular employees across Canada. One notable feature has been the fact that no employee in 1974 lost time due to lack of orders or to work stoppage in company operations. Permanent employment of Scott Paper Limited in 1974 totalled 1,535 people — an increase from 1,381 in 1973 and from 1,160 five years ago.

Training and development programs were continued in all divisions to provide opportunities for personal growth for a large segment of Scott's people. One of three union management agreements expired in 1974 and was successfully negotiated. Two other agreements will expire in 1975. The agreement covering our hourly-paid employees in Quebec will be renegotiated in the second quarter, and the agreement covering our hourly-paid employees in British Columbia will be renegotiated at mid-year.

Relations between employees covered by union agreements and the company continued on a positive and constructive basis in 1974, in spite of some difficult situations in the outside labour relations environment at both manufacturing locations.

During 1974, the company, on a voluntary basis, improved terms of existing agreements and added cost of living adjustments in line with the industry formulas or area patterns established for similar occupations. These adjustments were costly and added in a measurable way to the large overall product cost increases experienced in the past year.

In 1974 the Board of Directors of the company authorized a special increase in the pensions paid to retired employees of the company. This is the second special increase made to help compensate retirees for the very severe increases in living costs.

During the year, renewed efforts and new programs were undertaken by the safety committees at both manufacturing locations to lower both the frequency and severity of accidents. It is expected that these efforts will, in due course, result in more acceptable safety statistics and, more importantly, in safer working habits for Scott people.

Sincere thanks are due to all company employees, both salaried and hourly, for the hard work, cooperation and ingenuity shown in meeting the challenges of the past year. 1975 may be an even more challenging period. The ability of our people to work well together and overcome difficulties is a significant asset.

PLANNING AND FUTURE OUTLOOK

In 1974, with the help of consultants, company management embarked on an in-depth review of the company's past and its growth opportunities for future years. Major strengths and weaknesses were identified, and a practical approach to developing opportunities for growth was established within the framework of anticipated developments in the Canadian economy over the longer term.

This program will be strengthened and expanded in 1975 and the years ahead, so that all annual plans and programs are reviewed in the light of the company's long-range objectives. Scott Paper Limited is one of the fastest growing companies of its type in Canada. A well-defined set of objectives will help ensure that future growth will be both profitable and of major benefit to shareholders, consumers, employees, suppliers and customers.

Relative to other industrialized countries, Canadian economic prospects for the future appear bright, despite the immediate and well justified concerns with respect to the rate of inflation, declining economic activity and rising unemployment. Scott Paper Limited's products are either necessities or low-cost, convenience items. This fact, combined with the apparent prospects for Canada and our own physical and human resources, gives us reason to be optimistic about the longer term future.

Plans are well along to replace older facilities, increase capacities and add new product lines. Large capital outlays and heavy investments will be required over the next five years. The successful implementation of these plans presents a major challenge to the company.

	1974	
	\$	Per \$
Gross sales revenue, including federal sales tax collected	\$79,804,000	\$1.00
Payments to governments for income tax, sales taxes and property taxes	8,123,000	.10
Wages, salaries and employee benefits	19,115,000	.24
To suppliers for purchased services and materials	45,119,000	.57
Invested in construction and for new equipment at manufacturing facilities	6,647,000	.08
Dividends to shareholders as a return on their investment	800,000	.01

1974 Marketing



Constant re-examination of products and packaging is an essential part of today's marketing. During the year new package designs (shown above) were added to the popular "Rediscover White" Scotties line.

New package designs and product decorations were introduced on Lady Scott facial and bathroom tissues (top picture).



ANNOUNCER:
1) The babyScott system.
It's worth talking about.



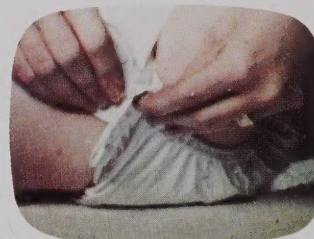
WOMAN: (Voice over)
2) The babyScott diaper is very absorbent. It's easy to use with these special panties.



3) I can even double diaper.



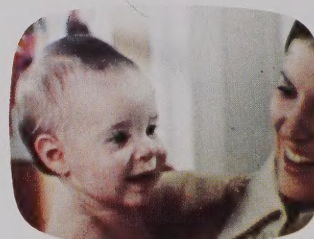
4) These pants fit so well and they look good.



5) You get a nice, snug fit . . . and there's no pins to worry about.



6) I like it . . . it's a complete diapering system. It's simple, and it works, and it makes sense.



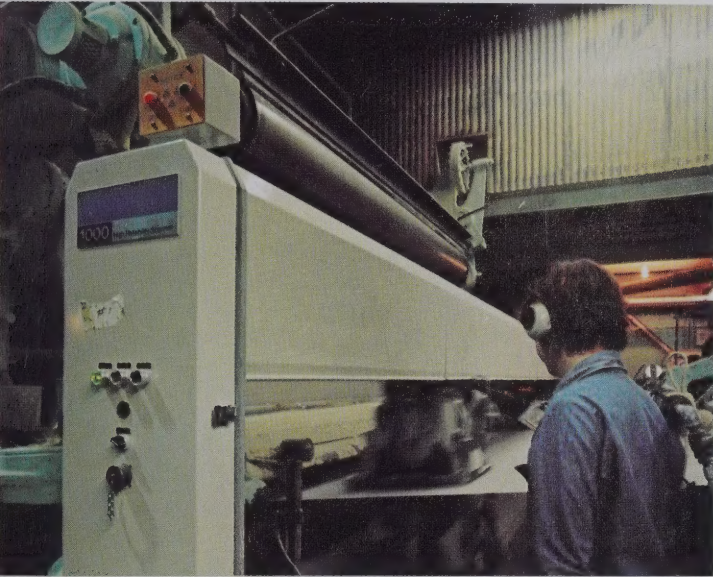
ANNOUNCER:
7) babyScott.



8) The complete diapering system. For a lot of very good reasons.

Television continued to provide the major advertising support for Scott brands in Canada in 1974. Commercials, like the one shown above, project the uniqueness of babyScott as "the complete diapering system".

1974 Manufacturing



Basis weight and moisture of the sheet are measured by this new computerized unit on the No. 3 paper machine at New Westminster. While the machine is running, sensors move back and forth across the web (top picture) and report their findings on the television screen (lower picture). Any deviation from the programmed weight and moisture levels is automatically adjusted by the computer.



1974 saw new sales records for babyScott disposable diapers. Production lines in Crabtree and New Westminster make all 3 sizes, Newborn, Regular and, the recently introduced, Super Absorbent. New decorated babyScott pants proved a popular addition to the product line.

Four driverless tractors have been installed at Crabtree. Each tractor can pull a 36,000 lb. load. Through a magnetic guidance system inside the tractor, it follows an energized guidepath through the plant. The system totals 3100'. The tractor-trains move parent rolls between paper machines, storage and converting areas.

Controlled by a single operator in the plant, these driverless vehicles are fully equipped with horns, lights and a high sensitivity bumper. The bumper halts the unit instantly on contact with any obstacle.

Consolidated Statements of Income and Retained Income

Year ended December 31

	1974	1973
INCOME:		
Sales, less allowances and after deducting Federal sales tax of \$6,232,522 (1973 - \$5,086,788)	<u>\$73,570,647</u>	<u>\$56,294,879</u>
EXPENSES (Note 7):		
Cost of products sold	49,458,245	38,161,225
Selling and distribution expenses	13,401,864	11,186,547
Administrative and general expenses	2,801,203	2,119,615
Pension costs (Note 8)	1,166,392	190,076
Debenture interest and amortization of issue costs	953,170	1,054,681
Bank interest	267,195	44,551
	<u>68,048,069</u>	<u>52,756,695</u>
Income before income taxes	<u>5,522,578</u>	<u>3,538,184</u>
INCOME TAXES:		
Current	1,176,000	368,000
Deferred	1,410,000	1,176,000
	<u>2,586,000</u>	<u>1,544,000</u>
Income for the year	<u>\$ 2,936,578</u>	<u>\$ 1,994,184</u>
Income per share	<u>\$3.67</u>	<u>\$2.49</u>
RETAINED INCOME:		
Retained income at beginning of year	\$16,254,246	\$15,060,062
Income for the year	2,936,578	1,994,184
	<u>19,190,824</u>	<u>17,054,246</u>
Dividends - \$1.00 per share (1973 - \$1.00 per share)	800,000	800,000
Retained income at end of year	<u>\$18,390,824</u>	<u>\$16,254,246</u>

Consolidated Statement of Financial Position

	December 31	
	1974	1973
CURRENT ASSETS:		
Cash	\$ 23,108	\$ 22,949
Trade and other accounts receivable	6,524,353	4,825,110
Inventories (Note 2)	16,685,254	8,987,011
Prepaid expenses	183,972	139,389
	<u>23,416,687</u>	<u>13,974,459</u>
CURRENT LIABILITIES:		
Bank indebtedness (Note 3)	9,236,877	2,653,637
Accounts payable and accrued liabilities	9,543,538	5,393,461
Income taxes payable	777,778	194,435
	<u>19,558,193</u>	<u>8,241,533</u>
Working capital	<u>3,858,494</u>	<u>5,732,926</u>
Add: NON-CURRENT ASSETS —		
Fixed assets (Note 4)	35,740,080	31,030,892
Unamortized debenture discount and issue expenses	401,676	453,677
Miscellaneous assets	246,574	246,751
	<u>36,388,330</u>	<u>31,731,320</u>
Deduct: NON-CURRENT LIABILITIES —		
8¾% sinking fund debentures, Series A (Note 5)	10,636,000	11,400,000
Deferred income taxes (Note 1(d))	4,620,000	3,210,000
	<u>15,256,000</u>	<u>14,610,000</u>
Net assets	<u>\$24,990,824</u>	<u>\$22,854,246</u>
SHAREHOLDERS' INTEREST:		
Share capital (Note 6)	\$ 6,600,000	\$ 6,600,000
Retained income	18,390,824	16,254,246
	<u>\$24,990,824</u>	<u>\$22,854,246</u>
THESE FINANCIAL STATEMENTS HAVE BEEN APPROVED BY THE BOARD OF DIRECTORS:		
A. F. Armstrong	A. W. Fisher	
Director	Director	

Notes to Consolidated Financial Statements

December 31, 1974

1. Summary of significant accounting policies:

(a) Principles of consolidation —

The consolidated financial statements include the accounts of Scott Paper Limited and its wholly-owned subsidiaries, Westminster Paper Company Limited, operating, and Omega Products Limited, non-operating.

Where appropriate, all intercompany transactions are eliminated.

(b) Inventories —

Inventories of finished products and work in process are valued at the lower of average cost and market value determined on the basis of net realizable value. Raw materials and supplies are valued at average cost which is not in excess of replacement cost.

(c) Depreciation and amortization —

Fixed assets:

Depreciation is provided on buildings, machinery and equipment on a straight-line basis over their estimated useful economic lives at rates ranging from 2½% to 20% of original cost per annum.

In 1972, the Company instituted a program to review the estimated useful economic lives of its fixed assets. As a result of this procedure, effective January 1, 1974 the estimated useful economic lives of certain fixed assets were revised which increased the amount of depreciation charged to operations by \$365,000 and decreased net income by \$194,000 (\$.24 per share) for the year ended December 31, 1974. A similar revision decreased net income in 1973 by \$117,000 (\$.15 per share).

Debenture discount and issue expenses:

The amortization of debenture discount and issue expenses is provided on a basis related to the principal amount outstanding less sinking fund retirements.

(d) Income taxes —

On January 1, 1968 the Company adopted the tax allocation method of accounting for income taxes for all periods subsequent to that date.

Subsequent to January 1, 1968, the Company has provided for deferred income taxes arising primarily from claiming capital cost allowances available for income tax purposes in excess of depreciation charged to operations.

Prior to January 1, 1968 the Company followed the policy of charging against earnings only income taxes actually payable after claiming maximum capital cost allowances available for income tax purposes on its fixed assets. Because capital cost allowances exceeded depreciation provided in the financial statements for those years, there are accumulated reductions in income taxes otherwise payable of approximately \$3,902,000 which have not been recorded as deferred income taxes.

2. Inventories:

Inventories consist of —

	December 31	
	1974	1973
Finished products and work in process . . .	\$ 8,876,565	\$ 5,157,177
Raw materials and supplies	7,808,689	3,829,834
	<u>\$16,685,254</u>	<u>\$ 8,987,011</u>

3. Bank indebtedness:

The bank indebtedness includes unrepresented cheques and is secured by a pledge of the Companies' accounts receivable and inventories.

4. Fixed assets:

Fixed assets consist of —

	December 31	
	1974	1973
Land, at cost	\$ 516,291	\$ 493,682
Buildings, machinery and equipment, at cost	58,138,442	50,680,425
Less: Accumulated depreciation	22,914,653	20,143,215
Net book value of depreciable assets	<u>35,223,789</u>	<u>30,537,210</u>
	<u>\$35,740,080</u>	<u>\$31,030,892</u>

5. 8¾% Sinking fund debentures, Series A:

	December 31	
	1974	1973
Principal amount issued	\$11,640,000	\$12,000,000
Acquired for future sinking fund requirements	(1,004,000)	(600,000)
Outstanding principal amount	<u>\$10,636,000</u>	<u>\$11,400,000</u>

On July 2, 1971 the Company issued \$12,000,000 8¾% sinking fund debentures, Series A, maturing on July 2, 1991. By the terms of the mandatory sinking fund provisions the Company is required to retire \$360,000 of the debentures per annum. The Company also has an option to retire a further \$180,000 per annum. The debenture trust agreement contains a distribution test formula which limits the availability of retained income for the payment of dividends. As of December 31, 1974 approximately \$7,100,000 is available for distribution.

Minimum sinking fund payments required in each of the five years following December 31, 1974 is as follows:

1975	\$ — *
1976	— *
1977	76,000 *
1978	360,000
1979	360,000

*Net of amounts acquired and lodged for future sinking fund requirements.

6. Share capital:

The authorized share capital of Scott Paper Limited consists of 2,000,000 common shares without par value of which 800,000 are issued and outstanding.

Of the 1,200,000 unissued shares, 50,000 are reserved for options under the "Key Employees' Stock Option Plan". As at December 31, 1974, options to purchase 4,500 shares are outstanding (but not yet exercised) at prices of \$30.62 per share, valid for varying dates to 1975.

7. Expenses include:

	December 31	
	1974	1973
Depreciation	<u>\$3,008,128</u>	<u>\$2,394,159</u>
Directors' and senior officers' remuneration	<u>\$ 424,306</u>	<u>\$ 391,595</u>

8. Pension plans:

The company has a number of contributory pension plans, participation being available to substantially all of its employees. Length of service and individual earnings determine the pensions and retirement benefits for all members of the plans.

Based on preliminary actuarial estimates as at September 30, 1974, confirmed by a subsequent actuarial review at December 31, 1974, one of the Company's pension plans had a deficiency of approximately \$1,300,000 due to strong inflationary pressures in 1974 combined with reduced market values of securities at the end of September and December in that year. Thus the Company considered it prudent to make a special funding contribution of \$1,000,000 to the trustees of this pension fund. This additional amount was charged to income for the year ended December 31, 1974. After this special funding contribution the Company's pension plans taken as a whole were sufficiently funded to meet obligations in all material respects as at December 31, 1974.

Consolidated Statement of Changes in Financial Position

	Year ended December 31	
	1974	1973
Financial resources were used for:		
Additions to fixed assets	\$7,815,551	\$5,677,319
Dividends	800,000	800,000
Purchase of 8¾% debentures, Series A	764,000	600,000
Increase (decrease) in miscellaneous assets	(177)	8,000
	<u>9,379,374</u>	<u>7,085,319</u>
Financial resources were provided by:		
Operations —		
Income for the year	2,936,578	1,994,184
Add: Charges which did not involve an outlay of working capital —		
Depreciation	3,008,128	2,394,159
Deferred income taxes	1,410,000	1,176,000
Amortization of debenture issue costs	52,001	26,000
Loss on disposal of fixed assets	40,684	29,022
	<u>7,447,391</u>	<u>5,619,365</u>
Proceeds on disposal of fixed assets	11,235	23,015
Government grants	46,316	406,376
	<u>7,504,942</u>	<u>6,048,756</u>
Decrease in working capital during the year	1,874,432	1,036,563
Working capital at beginning of year	<u>5,732,926</u>	<u>6,769,489</u>
Working capital at end of year	<u>\$3,858,494</u>	<u>\$5,732,926</u>

Auditors' Report

To the Shareholders of
Scott Paper Limited:

1075 West Georgia St.
Vancouver, B.C.
February 25, 1975

We have examined the consolidated statement of financial position of Scott Paper Limited and its subsidiary companies as at December 31, 1974 and the consolidated statements of income and retained income and changes in financial position for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

As indicated in Note 8 the Company funded one of its pension plans by an additional \$1,000,000 (which amount was charged to income) on the basis of a funding deficiency in that plan due to an unrealized market value decline in pension fund securities. For accounting purposes such a deficiency would not normally be charged to income in one year. Accounting for pension costs

in Canada does not follow a precise formula, the usual procedure being to amortize such deficiencies over a reasonable period of years, which period can vary from one company to another. Under this latter procedure a significant portion of the additional funding would be deferred as a charge to future years, with a smaller charge being made in the current year, resulting in an after-tax increase in net income.

In our opinion, except for the charge in one year for the pension costs referred to in the preceding paragraph, these consolidated financial statements present fairly the financial position of the companies as at December 31, 1974 and the results of their operations and the changes in their financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Price Waterhouse & Co.
Chartered Accountants

Ten Year Review

	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965
<i>(thousands of dollars except Per Share)</i>										
Sales and Earnings										
Net sales	\$73,571	56,295	48,118	42,910	39,762	35,789	34,133	29,894	27,303	25,012
Depreciation	3,008	2,394	2,031	1,780	1,426	1,312	1,223	1,079	1,063	968
Interest expense	1,220	1,099	1,103	879	448	334	211	243	325	253
Income before taxes	5,523	3,538	3,244	3,049	3,183	3,268	3,020	2,256	1,458	1,005
Income taxes*	2,586	1,544	1,557	1,463	1,600	1,700	1,585	1,297	890	500
Income after taxes*	2,937	1,944	1,687	1,586	1,583	1,568	1,435	959	568	505
Per Share										
Income before taxes	\$6.90	4.42	4.06	3.81	3.98	4.09	3.77	2.82	1.82	1.26
Income after taxes*	3.67	2.49	2.11	1.98	1.98	1.96	1.79	1.20	.71	.63
Cash flow	9.31	7.02	5.33	4.90	4.75	3.89	3.39	3.11	3.30	2.50
Dividends paid	1.00	1.00	.95	.90	.90	.90	.80	.80	.80	.80
Shareholders' Equity	31.24	28.57	27.08	25.92	24.83	23.75	22.69	21.70	20.74	19.85
Number of shares outstanding (thousands)	800	800	800	800	800	800	800	800	800	800
Condensed Funds Statements										
Source of funds										
— operations	\$ 7,447	5,619	4,266	3,918	3,799	3,070	2,658	2,485	2,641	2,001
— long term financing and other	58	429	55	11,482	2,804	2,642	56	—	—	—
	7,505	6,048	4,321	15,400	6,603	5,712	2,714	2,485	2,641	2,001
Expenditures for										
— fixed assets	7,816	5,677	3,087	3,376	6,701	4,797	2,188	1,480	1,417	1,891
— dividends	800	800	760	720	720	720	640	640	640	640
— repayment of long term borrowings and other	763	608	—	6,100	—	—	321	753	368	40
	9,379	7,085	3,847	10,196	7,421	5,517	3,148	2,873	2,425	2,571
Net increase (decrease) in working capital	(1,874)	(1,037)	474	5,204	(818)	195	(435)	389	217	(570)
Financial Position										
Current assets	\$23,417	13,974	13,248	12,990	11,113	10,493	9,067	8,459	8,661	8,295
Current liabilities	19,558	8,242	6,479	6,695	10,022	8,585	7,354	6,311	6,124	5,975
Working capital	3,858	5,733	6,769	6,295	1,091	1,909	1,714	2,148	2,537	2,320
Fixed assets at net book value	35,740	31,031	28,206	27,206	25,610	20,334	16,849	15,885	15,483	15,130
Long term debt	10,636	11,400	12,000	12,000	6,100	3,300	700	1,000	1,700	2,000
*For purposes of comparison, income taxes and income after taxes for the years 1967 and prior have been restated to reflect the income tax allocation method of accounting used subsequent thereto. This restatement has not been reflected in the financial statements — see Note 1 attached to financial statements.										

Officers and Executive Management

ARTHUR F. ARMSTRONG
Chairman

GEORGE L. O'LEARY
President and Chief Executive Officer

THOMAS J. BIRKENHEAD
Assistant Controller

JOHN W. BOOTH
*Assistant Vice President
(General Manager, Western Manufacturing Division)*

JAMES C. BOYLE
Assistant Vice President (Industrial Marketing)

W. MICHAEL FERRIE
*Assistant Vice President
(Director of Corporate Personnel)*

JOHN J. HERB
*Secretary, Scott Paper Limited and
Vice President, Westminster Paper Company Limited*

DOUGLAS HOLME
Vice President (Manufacturing)

NORMAN A. KELLY
President, Westminster Paper Company Limited

WILLIAM M. MATTICE
Director of Quality Control

PETER J. PETERS
Vice President (Finance), Controller and Treasurer

JOHN F. PHILIP
*Assistant Vice President
(General Manager, Eastern Manufacturing Division)*

H. PETER SANAGAN
Vice President (Marketing)

DAVID H. STOWE
*Assistant Vice President
(Director of Consumer Sales)*

Board of Directors

ARTHUR F. ARMSTRONG*†
New Westminster, B.C.

PAUL C. BALDWIN*
*Director and Vice Chairman,
Scott Paper Company, Philadelphia, Pa.*

H. CLARK BENTALL*
*Chairman and Chief Executive Officer,
Dominion Construction Company Limited,
Vancouver, B.C.*

GILBERT C. CLARKE
*Deputy Chairman of the Board,
Standard Brands Limited, Montreal, P.Q.*

ALEX W. FISHER, Q.C.†
*Partner, Davis & Company, Barristers & Solicitors,
Vancouver, B.C.*

W. D. H. GARDINER†
*Deputy Chairman and Executive Vice President,
The Royal Bank of Canada, Toronto, Ontario*

GEORGE L. O'LEARY*
New Westminster, B.C.

PETER J. PETERS*
New Westminster, B.C.

RENAULT ST-LAURENT, Q.C., LL.D.
*Partner, St-Laurent, Monast, Desmeules &
Walters, Barristers & Solicitors,
Quebec, P.Q.*

*Member of the Executive Committee.

†Member of the Audit Committee.

Transfer Agent and Registrar

THE CANADA TRUST COMPANY
Vancouver, Calgary, Toronto, Montreal and Halifax

Stock Listings

Vancouver, Toronto and Montreal Stock Exchanges

Annual Meeting

The Company's Annual Meeting of Shareholders
will be held at 11:30 a.m. on April 18, 1975 at
The Vancouver Hotel, Vancouver, B.C.

SCOTT PAPER LIMITED ANNUAL REPORT 1974